



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

**BARRY FUKUNAGA
DIRECTOR**

Deputy Directors
**MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRENNON T. MORIOKA
BRIAN H. SEKIGUCHI**

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

**ISSUANCE OF DIRECT LEASE TO IMPERIUM RENEWABLES HAWAII LLC
AT KALAELOA BARBERS POINT HARBOR, HONOULIULI, EWA, OAHU**

REQUEST:

Issuance of direct lease to Imperium Renewables Hawaii LLC to develop, construct, re-construct, operate, use, maintain and repair a bio-fuel manufacturing facility and distribute bio-fuel and related activities.

LEGAL REFERENCE:

Sections 171-11, 35, 36, and Subsection 171-59(b), Hawaii Revised Statutes.

APPLICANT:

Imperium Renewables Hawaii LLC, authorized to do business in the State of Hawaii.

LOCATION AND TAX MAP KEY:

Kalaeloa Barbers Point Harbor, Honouliuli, Ewa, Oahu, portion of Tax Map Plat: 1st Division, 9-1-14 and shown and delineated on the attached exhibit labeled Exhibit "A."

AREA:

1. Exclusive Use Area Lot A contains a fast land area of 11.028 acres, more or less.
2. Non-Exclusive Pipeline Easement for the transfer of Biodiesel, Methanol and Vegetable Oil containing an easement area of 42,987 square feet, more or less.
3. Two Non-Exclusive Access Easements containing an area of 2,801 square feet, more or less.
4. Two Water Meter Non-Exclusive Water Meter Easements containing a combined area of 2,514 square feet, more or less.
5. Electrical Non-Exclusive Easement containing an area of 44,085 square feet, more or less.
6. Non-Exclusive Easement to Drain Storm-water into Storm-water Culverts containing an area of 14,164 square feet, more or less.
7. Non-Exclusive Easement to Install Storm-water Seepage Wells containing an area of 30,935 square feet, more or less.

ZONING:

State Land Use District:	Urban
City and County of Honolulu:	Waterfront Industrial (I-3)

LAND TITLE STATUS:

Acquired after Statehood, non-ceded.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Subject public land presently encumbered by:

- Governor's Executive Order No. 3383, setting aside Kalaeloa Barbers Point Harbor to the control and management of the Department of Transportation, Harbors Division, for commercial maritime and maritime-related purposes.

CHARACTER OF USE:

Develop, Construct, Re-construct, Operate, Use, Maintain and Repair a Bio-Fuel Manufacturing Facility and Distribute Bio-Fuel and Related Activities.

TERM OF LEASE:

Thirty-five (35) years.

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation.

ANNUAL GROUND LEASE RENTAL:

Annual Rental for First Five (5)-Year Period (Years 1 through 5): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a "Certified General Appraiser" whose services shall be: (a) contracted for by the Department of Transportation, Harbors Division; and (b) paid by the Applicant.

Annual Rental for Second Five (5)-Year Period (Years 6 through 10): During each of the sixth (6th) through and including the tenth (10th) years of the Lease term, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third Five (5)-Year Period (Years 11 through 15): During each of the eleventh (11th) through and including the fifteenth (15th) years of the Lease term, beginning upon the first day of the eleventh (11th) year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the tenth (10th) year of the Lease term and 115%.

Annual Rental for the Fifteenth through the Thirty Fifth Year of the Lease: To be determined by rental re-opening prior to the close of the fifteenth and twenty-fifth year of the lease term by an independent real property appraiser who is licensed by the State of Hawaii as a "Certified General Appraiser" whose services shall be contracted for and paid by the Department of Transportation, Harbors Division. The independent appraiser will also determine a total overall appreciation rate to be applied on the latter five-year period of each of the ten-year periods of the rental re-openings.

WAIVER OF LEASE RENTAL:

The provisions of the lease require the lessee to make substantial improvements to the premises, including, without limitation, constructing and installing all interior and exterior utility lines, including equipment and appurtenances necessary for the purpose of the lease. As such, the lessee's obligation to pay rent to the State during the period of such construction shall be waived for a period not to exceed one year, and the waiver of rental shall terminate prior to one year, should the lessee occupy the premises and commence operations.

PERFORMANCE BOND:

Sum equal to at least one-quarter (1/4) of the then annual ground lease rental in effect.

MINIMUM IMPROVEMENT REQUIREMENT:

\$50,000,000.00

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

This project was published in the OEQC Bulletin of July 8, 2007. A Finding of No Significant Impact was determined by this final environmental assessment.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

REMARKS:

The purpose of this bio-fuels manufacturing facility is provide a renewable alternative to diesel petroleum. The facility will provide Hawaii with a sustainable fuel, which will help decrease its dependence on foreign oil. It will also provide 50 full time jobs to leeward side of Oahu. The bio-diesel production facility will be capable of producing 100 million gallons per year of bio-diesel fuel from vegetable oil. The feed-stocks to be converted into bio-diesel fuel will all be brought to this facility by either barge or ship.

The main process area would include reactors, condensers, and tanks; distillation column; hot oil heaters; control room; electrical room; maintenance shop; and cooling tower.

The tank farm would include 17 tanks ranging in capacity from 100,000 gallons to two million gallons. Future construction of four two million gallon oil or bio-diesel tanks would be possible.

Approximately 105 million gallons of source oil per year would be provided to the facility by ship, via pipelines from the harbor, or by container or truck. The facility is capable of accepting multiple feedstocks such as soy, canola, palm and other natural oils. On September 19, 2007 the City Council Zoning Committee voted to approve the Special Management Area permit to the applicant for their use of the land in the Special Management Area.

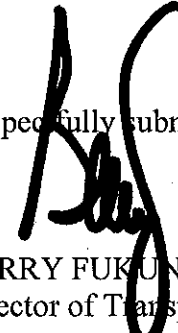
All applicable Federal, State, City and County permits will be obtained prior to construction.

RECOMMENDATION:

That the Board:


Authorize the Department of Transportation to issue a direct lease to Imperium Renewables Hawaii LLC, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,


BARRY FUKUNAGA
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:


for LAURA H. THIELEN
Chairperson and Member

Asimulats and koordinatsiia are referred to government agency information system "Vostochnyye Dela"

DISPLAY MAP

MAP SHOWING

IMPERIUM RENEWABLES LEASE PARCEL A AND PROPOSED EASEMENTS 1 TO 8, INCLUSIVE BEING A PORTION OF LOT 3640 AS SHOWN ON MAP 710 OF LAND COURT APPLICATION 1066

T.M.K. : 9-1-14 : PARCEL 24 (POR)

CLIENT: IMPERIUM RENTVABLES

AUGUST 31, 2007

JOB NO.: 06-081

AUSTIN, TSUTSUMI, & ASSOCIATES INC.
501 SUMNER STREET, SUITE 321
HONOLULU, HAWAII 96817-5031
PHONE NO: 808-533-3646



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION
Frank S. W. D.
FOR S. WARD-800
LICENSED PROFESSIONAL LAND SURVEYOR
CERTIFICATE NO. 8906

ATA **AUSTIN, THORNTON & ASSOCIATES, INC.**
ARCHITECTS, ENGINEERS & INTERIORS

